

Statement of Grace F. Napolitano
Full Committee Oversight Hearing on
"Mandatory Conditioning Requirements on Hydropower: How Federal Resource Agencies are Driving
up Electricity Costs and Decreasing the Original Green Energy"
June 27, 2012

Thank you Mr. Chairman.

In ancient Greece the basic unit of society was the "oikos". This word, which is the root of modern words like "economy" and "ecosystem," meant "household", "family", or "house".

Here in the House, we are charged with taking care of our household - the lands and waters of the United States - and in doing so, we take care of our family – the American people. Our family depends on a flourishing economy and healthy ecosystems. These concepts are rooted together.

Take for example the fact that our rivers, when healthy, generate economic benefits through fishing, recreation, and hydropower.

Teddy Roosevelt knew as much, insisting that rivers are a public good, and that "any permit to obstruct them for reasons and on conditions that seem good at the moment should be subject to revision when changed conditions demand."

Well, in 1986, changed conditions did make demands.

At the time, dam re-licensing represented very poor housekeeping. For years, FERC had been far too deferential and unquestioning when it came to hydropower interests. The agency was not properly taking into account the full range of impacts of these dams on the environment, on the Tribes, and on recreational opportunities.

So under the leadership of Energy and Commerce Chairman Dingell and Subcommittee on Energy and Power Chair Markey, Congress passed and President Regan signed into law the Electric Consumer Protection Act, which required FERC to give equal consideration to recreation, fisheries, energy

conservation, and energy generation when issuing licenses. The legislation limited FERC's ability to reject the advice of expert agencies and tribes concerning fish, wildlife and tribal needs.

It allowed for the operation and development of hydropower to be consistent with public interests, not just hydropower's interests.

Congress next amended the hydropower licensing provisions of the Federal Power Act in 2005 when it passed the Energy Policy Act. This bill included provisions that, in their final form, allowed for consideration of alternative conditions during relicensing as well as a hearing to consider any disputed facts relating to fishways. Many Democrats, including Mr. Markey, had strongly opposed earlier versions. But an equitable compromise was worked out in the end.

The final provisions gave the industry some additional procedural options, but they did not compromise the fundamental integrity of the balancing system put in place in 1986.

The hydro industry was even satisfied with this final result. The National Hydropower Association said at the time that that the 2005 hydropower licensing provision "will result in increased energy production and energy savings, all while preserving important environmental values."

So, what has happened since? According to data that obtained from FERC, licenses filed after 2005 took a third of the time to process compared to licenses filed prior to that. It now takes about two years. Two years for FERC to act on a completed application that promotes hydropower without compromising other public values. Two years for a license that lasts half a century.

So, why are we here today? Apparently the 2005 reforms, passed under a Republican Congress and signed by President George W. Bush, don't go far enough. The biased title of today's hearing suggests that they have already decided that allowing the resource agencies to have mandatory conditioning powers is a bad idea. I think they are wrong.

The next chapter in the history of hydropower will involve the industry working smarter, not harder, and we are already seeing this transition. It will involve hydropower licensees using new technologies to get

more power out of their existing dams. We will hear from a witness today who will describe dam efficiencies that opened 1,000 miles of river while increasing power generation. A bill I introduced yesterday along with the Ranking Member Markey, "Hydro 2.0" will help all Bureau of Reclamation hydro facilities achieve win-win outcomes. The American people deserve nothing less.

I look forward to hearing the testimony from the witnesses who have joined us this morning.